



The Future of SBA Financing

Wisconsin District Office

June 27, 2017

2017 Updates

Loan fee reductions

Who's eligible	Program	Loan Amount	Borrower Fees	Lender fees	SBA Guarantee Amt
All borrowers	7(a)	\$150,000 and less	Up front fees paid	.546%	85%
Veterans, transitioning service members, family members	7(a)	\$150,001 to \$500,000	50% fee reduction	.546%	75%
	Express	\$350,000 and less	None	.546%	50%

Capital: 7(a) loans

Overview

- **SBA's primary loan program**
- Maximum loan: \$5 million
- Guarantees: 85% <\$150,000; 75% > \$150,000;
- Maturities
 - 5 – 10 years: working capital, machinery, equipment
 - Up to 25 years for real estate, construction
- \$15 million tangible net worth; \$5 million net profits

Capital: 7(a) loans

CAPLines of Credit

- **Contract Loan Program**-materials/labor/overhead for specific contracts.
- **Seasonal Line of Credit Program**-support inventory buildup/ accounts receivable/labor/materials above normal.
- **Builders Line Program**-construction or rehabilitation of residential or commercial property.
- **Working Capital Line**-revolving line of credit for working capital.

- Maximum loan amount: \$5,000,000
- Maximum guaranty: 75%-85%
- Uses: revolving line of credit/term loan
- Guaranty fees: vary with amount/type of loan

Capital: 7(a) loans

Express Loans

- 50% Guarantee
- Up to \$350,000
- *Includes Lines of Credit*
- Lender makes credit decision
- Up-front guaranty fees waived for vets

Capital: 7(a) loans

Veterans

- Guarantee fees reduced to 0% on Express Loans of \$150,001-\$350,000 - ***now permanent***
- Guarantee fee reduced to 50% on 7(a) loans \$150,001 to \$500,000 Veterans, transitioning military service members, spouses, and surviving spouses of deceased disabled veterans

International Trade/Export Financing

- **Designed To Develop Or Expand Export Activities With Up To 90% Guaranty**
 - International Trade Loan
 - Maximum \$5 Million Loan And 90% Guaranty
 - Long Term Fixed Asset/Working Capital/Refi.
 - Export Working Capital
 - Maximum \$5 Million Loan And 90% Guaranty
 - Transaction Or Asset-Based, Short-Term Financing Needs
 - Export Express
 - Simplest Program; Up To \$500,000 Term Loan Or Line
 - Maximum 90% For Loans \leq \$350,000
 - Maximum 75% For Loans $>$ \$350,000
- Mary Trimmier, mary.trimmier@sba.gov

Capital: 7(a) loans

Community Advantage

Community based, mission-focused CDFIs, CDCs, and Micro-lenders

- **Maximum Loan Size:** \$250,000
- **Guarantee:** 85% up to \$150,000; 75% for more.
- **Approval Times:** 5-10 days
- **Paperwork:** Two-page application for borrowers

- **Lender Requirements:** Maintain 60% of portfolio in underserved markets
- **Time Frame:** 3 Year Pilot; extended to 3/31/2020

Capital: Advantage 7(a) loans

Community Advantage

Community based, mission-focused CDFIs, CDCs, and Micro-lenders

Wisconsin Women's Business Initiative Corporation

Milwaukee Economic Development Corporation

Legacy Redevelopment Corporation

Lincoln Opportunity Fund

FY2015	60 loans	\$6 million
FY2016	48 loans	\$.4.8 million
FY2017 (to 5/31)	35 loans	\$5.1 million

Capital: 504 Loans

504/Certified Development Company

- Maximum: \$5 million (\$5.5 million for manufacturing, energy savings)
- Financing:
 - CDC (w/SBA guarantee) finances 40%
 - Lender (bank) finances 50%
 - Equity (borrower) finances 10-20%
- Uses: long-term fixed assets
- Maturity: 10-20 years
- Interest: fixed rate established when debenture backing sold; some exceptions
- ***Refinance re-approved and signed in FY2016***

Capital: Micro-loans

Terms

- Max amount: \$50,000
- Rate: negotiated by borrower/intermediary
- No guarantee
- Maturity: up to 6 years
- Uses: purchase equipment, fixtures, working capital, leasehold improvements; increased receivables

Capital: Micro-loans

Lenders

- **Advocap**, Fond du Lac and Oshkosh
- **First American Capital Corp.**, West Allis (American Indian Chamber)
- **Impact Seven, Inc.**, Almena (statewide)
- **Entrepreneur Fund**, Serving Douglas County
- **WI Women's Business Initiative Corp.**, Milwaukee, Racine, Kenosha & Madison (statewide)
- **CAP Services**, Stevens Point
- **Northwest Regional Planning Commission**, Spooner

Capital: Micro-loans *Lending*

FY2015: 94 loans/\$2.1 million/41 startups

FY2016: 129 loans/\$2.8 million/67 startups

FY2017 (to 5/31): 53 loans/\$960,143 /26 startups

Capital: Lending

*Wisconsin 7(a) and 504 lending
FY2016*

1624 loans guaranteed



\$656.8 million



7(a): 1487/\$538.5 million

504: 137/\$118.3million

578 startups/\$187 million (35.59% of loan #)

Average loan size increased more than \$50,000 in FY2016 (350K to 404K)

Loans \$150K or less: 706/\$51.1 million (fee relief \$691,497)

Loans to veterans: 80/\$34.4 million

Loans to women: 222/\$62.8 million

Capital: 2016 Lending Industries

Over 50% of dollars loaned in top 3 categories

INDUSTRY CATEGORY	###	\$\$\$
TOTAL	1,624	\$656,828,200
Manufacturing	247	\$136,817,700
Accommodation and Food Services	212	\$106,836,800
Retail Trade	212	\$86,689,100
Construction	158	\$39,129,100
Professional, Scientific, and Technical Services	156	\$40,833,700
Health Care and Social Assistance	130	\$57,302,400
Other Services (except Public Administration)	124	\$32,416,400
Transportation and Warehousing	73	\$22,982,400
Administrative and Support and Waste Management and Remediation Services	72	\$15,884,600
Arts, Entertainment, and Recreation	64	\$23,861,900
Wholesale Trade	48	\$32,853,000
Real Estate and Rental and Leasing	39	\$19,447,900
Agriculture, Forestry, Fishing and Hunting	36	\$25,860,700
Finance and Insurance	21	\$6,920,600
Educational Services	17	\$4,741,300
Information	14	\$4,166,600
Mining	1	\$84,000

Capital: Lending-WI

*Wisconsin 7(a) and 504 lending
October-May FY2017*

1005 total loans guaranteed

1079 in FY2016

\$424.3 million

\$431.9 million in FY2016

504: 127/\$95.1 million

2016: 86/\$72.2 million

7(a): 878/\$329.2 million

2016: 993/\$359.7 million

376 startups/\$137.9 million

496 loans \$150,000 or under/\$38.6 million

Loans to veterans: 49/\$19.4 million

Loans to women: 196/\$57.9 million

Capital: LINC

Online tool connects prospective borrowers with lenders

- Program rollout: Micro-lenders, Community Advantage lenders, 504 CDCs **Available to all 7(a) lenders since May 2015**
 - **36 currently participating**
- Prospective borrower answers 21 questions
- Lenders will respond within 48 hours if any interest
- To apply: look for LINC at www.sba.gov
- **Name is expected to change soon**



Surety Bonds

Three Types

- ***Bid Bond:*** Guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bonds if awarded the contract.
- ***Payment Bond:*** Guarantees that suppliers and subcontractors will be paid for work performed under the contract.
- ***Performance Bond:*** Guarantees that the contractor will perform the contract in accordance with its terms and conditions.*
(*The term Final Bond means Payment Bond, Performance Bond or both Payment and Performance Bond.)



Surety Bonds

- National Defense Authorization Act
- Surety Bonds are raised from \$2 million to \$6.5 million
- For Federal Contracts with the contracting office stating a need, the limit is raised to \$10 million.
- **Guarantee raised to 90% on November 25, 2016.**



Contracting

Government-wide Small Business Contracting

Goals are a floor—not a ceiling!

**\$99.96 Billion to Small
Business in FY2016**

\$57.8 Billion from DoD alone

Contracting

What are the Government-wide Small Business Contracting Goals and Achievement?

<i>CATEGORY</i>	<i>GOAL</i>	<i>2016</i> %	<i>2016</i> \$	<i>2015</i> %	<i>2015</i> \$	<i>2014</i> %	<i>2014</i> \$	<i>2013</i> %	<i>2013</i> \$
<i>Small Business</i>	23.00%	24.34%	99.96B	25.75%	90.7B	24.99%	\$91.7B	23.39%	\$83.1B
<i>Small Disadvantaged Business</i>	5.00%	9.52%	39.13B	10.06%	35.43B	9.46%	\$34.7B	8.61%	\$30.6B
<i>Service Disabled Veteran Owned Small Business</i>	3.00%	3.98%	16.34B	3.93%	13.83B	3.68%	\$13.5B	3.38%	\$12.02B
<i>Women Owned Small Business</i>	5.00%	4.79%	19.67B	5.05%	17.81B	4.68%	\$17.2B	4.32%	\$15.3B
<i>HUBZone</i>	3.00%	1.67%	6.86B	1.81%	6.42B	1.82%	\$6.97B	1.76%	\$6.2B

Bold=Goal met

Woman-Owned Small Business Goal achieved for the first time in 2015

Contracting

Updates

- Mentor protégé expanded to all categories: 8(a)/WOSB/HUBZone/VOSB (All Small Mentor Protégé)
- New portal for certification, mentor-protégé applications and HUBZone maps:

Certify.sba.gov

- WOSB NAICS revamped:
96 WOSB/17 EDWOSB NAICS
- Improved HUBZone maps just released



Counseling

- **SCORE** – Counselors to America’s Small Businesses (25 locations)
- **Women’s Business Centers** (7 locations)
- **Small Business Development Centers (SBDC)**-12 locations plus Specialty Centers
- **Veterans Business Outreach Center**-serving WI
14,562 Wisconsin residents were counseled or mentored by an SBA resource partner in FY2016
- **Online Training SBA.Gov**
 - More than 130 free courses and webinars

Cybersecurity Training

- Free online cyber-security training in partnership with Synergy Solutions for 7(j) eligible firms
- 10 modules
- Economically and socially disadvantaged
- Low-income
- HUBzone
- 8(a) businesses
- <https://synergysolutions.talentlms.com/>

Cybersecurity Training

- Courses help prepare 7(j) firms for the MANDATORY compliance requirement effective Dec 2017 in the Federal Acquisition Regulations, Dept. of Defense Supplement (DFARS) for ALL prime contractors, subcontractors and future procurement opportunities!!
- Other agencies following with compliance roll-outs to the NIST 800-171 standard, which is applicable to, and best practices for, *both* federal contractors and private business.
- private/commercial businesses can also learn how protect their customer's private information (e.g., credit card transactions) by taking these courses.

➤ <https://synergysolutions.talentlms.com/>



Upcoming

SBIR Road Tour, July 18, Madison

SBA Administrator's Ignite Tour-July 27, Milwaukee

Emerging Leaders graduation, October

**Marketplace: The Governors Conference on Minority Business
Development**

**National Small Business Week
April 29-May 5, 2018**

Stay in Touch with SBA in Wisconsin

- Website—e-news sign-up; business success stories, press releases, e-news updates, calendar of events, loan and program information, office staff and responsibilities, online resource guide. LINC

www.sba.gov/wi

- E-news--monthly and periodic updates; upcoming events and classes list sent monthly
- Social media
 - Twitter: @SBAGreatLakes #SBA_WI
 - Facebook-U.S. Small Business Administration
- Resource Guide—Updated annually; available in hard copy and on the SBA Wisconsin website





Wisconsin SBA Contacts

TOPIC	NAME	TITLE	PHONE	EMAIL
	Eric Ness	District Director	414-297-1471	Eric.ness@sba.gov
Contracting	Shane Mahaffy	Lead Business Opportunity Specialist	414-297-1455	Shane.mahaffy@sba.gov
Contracting 8(a)	Jim Strube	Business Opportunity Specialist	414-297-3951	James.strube@sba.gov